

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Building for the Future Through Electric)
Regional Transmission Planning and Cost)
Allocation and Generator Interconnection)**

Docket No. RM21-17-000

**COMMENTS OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION, MIDWEST
RELIABILITY ORGANIZATION, NORTHEAST POWER COORDINATING
COUNCIL, INC., RELIABILITYFIRST CORPORATION, SERC RELIABILITY
CORPORATION, TEXAS RELIABILITY ENTITY, INC., AND WESTERN
ELECTRICITY COORDINATING COUNCIL ON
THE NOTICE OF PROPOSED RULEMAKING**

On April 21, 2022, the Federal Energy Regulatory Commission (“FERC” or the “Commission”) issued a Notice of Proposed Rulemaking introducing proposals to reform the *pro forma* Open Access Transmission Tariff and the *pro forma* Large Generator Interconnection Agreement (“LGIA”) to update the Commission’s existing regional transmission planning and cost allocation requirements (the “Transmission Planning NOPR”).¹ On June 16, 2022, the Commission also issued a Notice of Proposed Rulemaking presenting potential reforms to the *pro forma* LGIA and associated Procedures as well as to the *pro forma* Small Generator Interconnection Agreement and associated Procedures (together, the “Interconnection Agreements and Procedures”) to address the needs presented by the transforming grid and evolving resource mix (the “Interconnection NOPR”).² Both of these proposed rulemakings followed the Advance Notice of Proposed Rulemaking (“ANOPR”) issued in this docket.³

¹ *Bldg. for the Future Through Elec. Reg’l Transmission Plan. & Cost Allocation & Generator Interconnection*, 179 FERC ¶ 61,028 (2022) [hereinafter Transmission Planning NOPR].

² *Improvements to Generator Interconnection Procedures and Agreements*, 179 FERC ¶ 61,194 (2022) [hereinafter Interconnection NOPR].

³ *Bldg. for the Future Through Elec. Reg’l Transmission Plan. & Cost Allocation & Generator Interconnection*, 176 FERC ¶ 61,024 (2021) [hereinafter ANOPR].

The North American Electric Reliability Corporation (“NERC”), as the Commission-certified Electric Reliability Organization (“ERO”),⁴ and the Regional Entities⁵ hereby submit comments on the Transmission Planning NOPR. The ERO Enterprise appreciates the opportunity to support the Commission’s effort to enhance transmission planning and interregional coordination. Such enhancements would support a reliable Bulk-Power System (“BPS”) that is better prepared to serve modern needs and meet modern challenges.⁶

⁴ *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, 114 FERC 61,104 (2006), *order on reh’g*, Order No. 672-A, 114 FERC 61,328 (2006) [hereinafter Order No. 672]. NERC was certified by the Commission as the ERO, pursuant to § 215(c) of the Federal Power Act, by Commission order issued July 20, 2006. *N. Am. Elec. Reliability Corp.*, 116 FERC ¶ 61,062 (2006) [hereinafter Certification Order].

⁵ The Regional Entities are (i) Midwest Reliability Organization (“MRO”); (ii) Northeast Power Coordinating Council, Inc. (“NPCC”); (iii) ReliabilityFirst Corporation (“ReliabilityFirst”); (iv) SERC Reliability Corporation (“SERC”); (v) Texas Reliability Entity, Inc. (“Texas RE”); and (vi) Western Electricity Coordinating Council (“WECC”). NERC and the Regional Entities comprise the ERO Enterprise.

Persons to be included on the Commission’s service list are identified below by an asterisk. NERC respectfully requests a waiver of Rule 203 of the Commission’s regulations, 18 C.F.R. § 385.203 (2022), to allow the inclusion of more than two persons on the service list in this proceeding.

⁶ ERO Enterprise also plans to submit more extensive comments, as indicated below, recommending specific improvements for the interconnection of new resources under the proceeding related to the Interconnection NOPR.

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II. INTRODUCTION TO THE ERO ENTERPRISE AND ITS STATUTORY MISSION

NERC's mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. In enacting the Energy Policy Act of 2005⁷ and section 215 of the Federal Power Act ("section 215"),⁸ Congress entrusted the Commission with: (i) approving and enforcing rules to ensure the reliability of the BPS; and (ii) certifying an ERO that would be charged with developing and enforcing mandatory Reliability Standards, subject to Commission approval, and assessing reliability and adequacy of the BPS in North America.⁹ NERC accomplishes its mission with the support of the six Regional Entities. These six Regional Entities help the ERO Enterprise support reliability across differing Interconnections with specific needs and characteristics.

Congressional and Commission statute and regulation reflect certification of an ERO subject to Commission oversight. In 2006, the Commission certified NERC as the ERO pursuant to section 215.¹⁰ Prior to that, Order No. 672 established regulations implementing section 215, including a process for periodic Performance Assessments.¹¹ Order No. 672 also required that NERC and the Regional Entities submit a detailed annual budget and business plan filing each year for Commission approval, in advance of the ERO fiscal year.¹² The Commission also reviews and approves the Regional Delegation Agreements ("RDAs") between NERC and the Regional Entities every five years.¹³ Through oversight conducted pursuant to the RDAs and NERC Rules of Procedure ("ROP"), NERC evaluates Regional Entity performance and compliance with the

⁷ Pub. L. 109-58, title XII, §1211(b), Aug. 8, 2005, 119 Stat. 946.

⁸ 16 U.S.C. § 824o [hereinafter section 215].

⁹ Section 215(a)(2). *See also* Section 215(c) (providing the ERO certification criteria). *See also* Pub. L. 109-58, title XII, §1211(b), Aug. 8, 2005, 119 Stat. 946 (clarifying, "[t]he Electric Reliability Organization... and any regional entity delegated enforcement authority... are not departments, agencies, or instrumentalities of the United States Government.>").

¹⁰ Certification Order.

¹¹ Order No. 672 at PP 183-191.

¹² 18 C.F.R. §39.4.

¹³ 18 C.F.R. §39.8. A delegation agreement shall not be effective until it is approved by the Commission.

ROP, Commission directives, RDAs, NERC policies or procedures, and guidance and directions issued by the NERC Board of Trustees (“Board”).

III. COMMENTS

The ERO Enterprise is dedicated to the effective and efficient reduction of risks to reliability. To further that mission, NERC and the Regional Entities develop and enforce Reliability Standards and assess reliability and adequacy of the BPS. As detailed in earlier ANOPR Comments, the ERO Enterprise has identified challenges facing reliability of the grid as the generation resource mix and underlying transmission system evolve.¹⁴ The BPS has been planned, built, and operated based on certain assumptions that are now changing. The electric system across North America is in a state of immense transition as new technologies and climate change present unprecedented challenges.

To account for these changes, the transmission system needs to adapt to ensure continued reliability and security of the BPS. During the course of event analysis and assessments, for example, the ERO Enterprise has identified improvements to Commission Interconnection Agreements and Procedures and modifications to Commission rules that would help ensure continued reliability and provide more accurate long-term transmission planning as greater levels of inverter-based resources (“IBR”) interconnect with the BPS.

Transmission planning must involve all stakeholders committed to a collaborative approach. While the ERO Enterprise plans longer comments on the Interconnection NOPR, NERC and the Regional Entities submit these comments to support the Commission’s attention to

¹⁴ *Comments of the N. Am. Elec. Reliability Corp. et al on the Advance Notice of Proposed Rulemaking*, Docket No. RM21-17-000 (Oct. 12, 2021) [hereinafter ANOPR Comments].

improvements in transmission planning that would better support the advancement of a modern, coordinated, transmission system prepared to serve the needs of a modern grid.¹⁵

A. The ERO Enterprise Strongly Supports Better Coordinated Transmission Planning.

NERC Chief Executive Officer and President, James Robb, in his testimony before the U.S. Senate Committee on Energy and Natural Resources, stated that it “is imperative to understand and plan for the different operating characteristics of variable, inverter-based resources. This includes time to study, plan for, and develop effective solutions to the challenges.”¹⁶ The Commission’s Transmission Planning NOPR recognizes that existing regional transmission planning requirements do not result in sufficiently long-term assessments of transmission needs.¹⁷ The ERO Enterprise supports the Commission’s exploration of more sophisticated and better coordinated transmission planning. Transmission will be the key to support the resource transformation enabling delivery of energy from areas that have surplus energy to areas which are deficient. The frequency of such occurrences are increasing as extreme weather conditions resulting from climate change impact the fuel sources for variable energy resources. Regional transmission planning can ensure that sufficient amounts of transmission capacity will be needed to address these more frequent extreme weather conditions.

Comprehensive transmission planning supported by robust interregional coordination is essential for a reliable transition to a modern BPS. The generation resource mix reflects increasing levels of IBR that require accurate transmission planning and modern transmission infrastructure.

¹⁵ The ERO Enterprise does not comment on any cost allocation questions or topics in the Transmission Planning NOPR. The ERO Enterprise focus is on reliability of the BPS in accordance with its mission and underlying statutory responsibilities.

¹⁶ James Robb, President and CEO of NERC, “Reliability, Resiliency, and Affordability of Electric Service in the United States Amid the Changing Energy Mix and Extreme Weather Events,” testimony before the Senate Committee on Energy and Natural Resources, *Hearing On The Reliability, Resiliency, And Affordability Of Electric Service*, March 11, 2021 at page 9, <https://www.energy.senate.gov/services/files/EB1D7E02-BC93-4DFF-A6A9-002341DA34CF>.

¹⁷ Transmission Planning NOPR at P 48.

As the grid undergoes this rapid expansion and evolution of the resource mix, there is a strong need for long-term, forward-looking transmission planning to ensure delivery of these resources across the BPS. Studies could also more adequately study various sensitivities and more extreme conditions (e.g., extreme weather) to ensure a reliable, resilient, and secure BPS on a longer time horizon. This in turn could help inform transmission expansion plans particularly related to the changing resource mix.

As detailed in the ERO Enterprise ANOPR Comments, mandatory and enforceable NERC Reliability Standards define the reliability requirements for planning and operating the BPS and are developed using a results-based approach that focuses on performance, risk management, and entity capabilities. These Reliability Standards apply together with Commission transmission planning and interconnection requirements. The ERO Enterprise appreciates the Commission's attention in this proceeding, the Interconnection NOPR proceeding, and other dockets such as Docket No. RM22-10-000 to the manner in which NERC Reliability Standards help address challenges facing the grid.

The ERO Enterprise urges that NERC and the Regional Entities continue to be included in discussions surrounding the evolving transmission needs associated with the BPS. In accordance with its statutory responsibilities, the ERO Enterprise conducts independent and unbiased assessments of the reliability and adequacy of the BPS, including the facilities and control systems necessary for operating the interconnected electric transmission network.¹⁸ The ERO Enterprise is particularly equipped to assess the North American transmission system as NERC and Regional Entity activities gather a variety of perspectives from diverse stakeholders that include industry, policy-makers, regulatory bodies, and special interest contributors, across geographic regions, and

¹⁸ 16 USC § 824o(g).

encompass both near-term and long-term considerations. The ERO Enterprise urges its inclusion in coordinated transmission planning activities and will continue to assess the transmission system as part of its statutory activities.

This is a particular area of concern for WECC since the Western Interconnection is in a critical position with regard to resources and transmission infrastructure that requires that stakeholders be brought together to collaborate and move toward a solution. The Western Interconnection operates with inter-regional consequences (so that, for example, an issue in the Pacific Northwest very quickly becomes a problem for the Rocky Mountains and Desert Southwest). However, there is no interconnection-wide organization apart from WECC that might facilitate the coordination of transmission optimization and expansion. Coordinated transmission plans would allow entities to better understand how the transmission network can most effectively and reliably transfer power, and allow for a broader assessment of constrained areas which might negatively impact reliability. WECC is in a unique position to contribute to these efforts as the only organization in the West with an independent, interconnection-wide, view and a long and successful history of assessing the transmission and resource topology of the interconnection. WECC's focus and contribution is not biased toward any particular region, energy policy, or technology but is focused solely on ensuring reliability and security. This unique, independent, position has garnered trust from the various stakeholders, results in increased credibility, and presents an opportunity to expedite transmission optimization and expansion efforts across the Western Interconnection. As a result, WECC underscores the manner in which it can, under section 215 of the Federal Power Act, capitalize on its existing ability to help assess transmission in the Western Interconnection and assist in the creation of interregional, coordinated, near-term, and long-term transmission plans.

B. The ERO Enterprise Supports Enhancements to Interconnection Agreements and Procedures.

As the ERO Enterprise highlighted in ANOPR Comments and intends to further detail in comments on the Interconnection NOPR, the Commission should also revise its Interconnection Agreements and Procedures to support a modern grid better equipped to integrate increasing levels of IBR.¹⁹ The ERO Enterprise supports revisions which would improve interconnection study validity and require electromagnetic transient modeling/studies to support accurate long-term transmission planning. These types of enhancements to the interconnection process for small and large generators are necessary to ensure continued reliability as the generation resource mix evolves.²⁰

III. CONCLUSION

The ERO Enterprise supports the Commission's intent to revise the transmission planning process to better account for the reliability needs of a transforming grid and interregional considerations.

Respectfully submitted,

¹⁹ ANOPR Comments on pages 2-3, 10-11, attach. 1 Odessa Report at p.vi.; *See* NERC's 2022 Summer Reliability Assessment at p. 6 (noting that as IBR continue to increase across North America, "the need for EMT modeling and studies will only grow exponentially."), https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_SRA_2022.pdf.

²⁰ Although the Transmission Planning NOPR does not cite the small generator Interconnection Agreements and Procedures, the Interconnection NOPR does. The ERO Enterprise supports this clarification and inclusion of small generators with capacity of no more than 20 MW, because variable energy resources of no more than 20 MW play a significant role in the transformed grid.

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